

MULTIMEDIA



UNIVERSITY

STUDENT ID NO

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 3, 2019/2020

DFA5024 – FINANCIAL ACCOUNTING 2

(All sections / Groups)

10 JUNE 2020
9.00 a.m. to 12.00 p.m.
(3 Hours)

INSTRUCTIONS TO STUDENT

1. This Question paper consists of 5 pages with 5 Questions only.
2. Answer **ALL** questions.
3. Write your answers in the Answer Booklet provided.

QUESTION 1

Part A

Kwee Fern operates a sports accessories shop, KF Pro Shop, in Bukit Beruang. At the beginning of May 2020, the company's inventory account shows a balance of RM7,795. During the month, the following transactions occurred:

May 2	Sold merchandise to Lendu Tennis Club RM2,800, FOB shipping point, terms 2/10, n/30. The cost of merchandise was RM1,680. The appropriate party also made a cash payment of RM50 for freight on this date.
5	Purchased merchandise for RM3,900 from Maju Sports, FOB shipping point, terms 2/15, n/45. The appropriate party also made a cash payment of RM100 for freight on this date.
7	Granted RM200 allowance to Lendu Tennis Club for slightly scratched rackets.
10	Received credit from Maju Sports for merchandise returned RM900.
14	Purchased office equipment for cash RM750.
17	Received payment from Lendu Tennis Club.
20	Paid the amount due to Maju Sports.

Required

(a) Journalise the May transactions using perpetual inventory system. (10 marks)

(b) Post the related journal entries to the Inventory account. (3.5 marks)

Part B

Presented below is information for NuTech Sdn. Bhd. for the year ended 31 May 2020.

Administrative expenses	RM18,600
Cost of goods sold	135,400
Gain on sale of furniture	1,500
Interest expense	4,700
Sales discounts	11,200
Sales revenue	225,700
Selling expenses	38,100

Required

Prepare the multiple-step Statement of Profit or Loss. (6.5 marks)

(Total: 20 marks)

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QUESTION 2

The summary of Reesha Enterprise's bank and cash account for the year ended 31 December 2019 is as below:

	Cash RM	Bank RM		Cash RM	Bank RM
Balance b/d	3,100	8,300	Payments to creditors	6,930	41,670
Receipts from debtors	7,750	79,120	Salaries	5,500	14,000
Withdrawn from bank	8,000		Insurance		3,600
			Withdrawn from bank		8,000
			Drawings	2,000	5,000
			Balance c/d	4,420	15,150
	18,850	87,420		18,850	87,420

The following additional information is available:

	31 Dec 2018	31 Dec 2019
Inventory	RM12,770	RM13,450
Accounts receivable for goods	16,180	17,610
Accounts payable for goods	19,240	18,700
Prepaid insurance	800	1,000
Salaries owing	3,100	2,300
Office equipment (net book value)	6,400	5,760

Required

- (a) Prepare the T-account for:
 - (i) Accounts receivable control account to determine sales revenue. (2.5 marks)
 - (ii) Accounts payable control account to determine purchases. (2.5 marks)
- (b) Prepare the Statement of Profit or Loss. You are required to show the workings for any prepayments or accruals. (7 marks)
- (c) Assume beginning capital was RM25,210. Prepare the Statement of Financial Position. (8 marks)

(Total: 20 marks)

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QUESTION 3

Part A

On 1 January 2019, Tetra Resources had balances of RM500,000 in Accounts receivable and RM22,500 in Allowance for doubtful accounts.

During the year, the following transactions occurred:

- Net credit sales RM2,000,000. Assume cost of goods sold were RM1,200,000.
- Collection of sales RM1,907,000.
- Uncollectible accounts receivable written off RM18,250.
- After the write off, a RM7,750 account previously written off as uncollectible was recovered.
- Uncollectible accounts are estimated to total RM62,500 at 31 December 2019.

Required

(a) Prepare the entries to record:

(i) sales and collections during the period.	(3.5 marks)
(ii) the write-off of uncollectible accounts.	(1 mark)
(iii) the recovery of the uncollectible account.	(2 marks)
(iv) bad debts expense for the year.	(1 mark)

(b) Prepare the T-account for Allowance for doubtful accounts. (2.5 marks)

(c) Calculate the net realisable value of accounts receivable at 31 December 2019. (2 marks)

Part B

U'n'Me Technologies has the following transactions related to notes receivable during the last 3 months of 2019.

Oct 1	Loaned RM10,000 cash to Vivian on a 1-year, 10% note.
Nov 1	Received a RM6,000, 5-month, 8% note in exchange for Wan's outstanding accounts receivable.
Dec 13	Sold goods to Xavier, receiving a RM5,000, 60-day, 4% note.
31	Accrued interest revenue on all notes receivable. Show your workings.

Required

(a) Journalise the above transactions for U'n'Me Technologies. (6 marks)

(b) Journalise the collection of Vivian's note at its maturity in 2020. (2 marks)

(Total: 20 marks)

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QUESTION 4**Part A**

DK Manufacturing purchased a new machine on 1 October 2019 at a cost of RM190,000. The company estimated that the machine will have a salvage value of RM10,000. The machine is expected to be used for 12,000 machine hours during its 4-year life.

Required

- (a) Briefly explain what salvage value is. Identify which depreciation method uses salvage value in determining the periodic depreciation amount. (3 marks)
- (b) Compute the depreciation expense under the following methods for the year indicated:
 - (i) Straight-line for 2019. (3 marks)
 - (ii) Units of activity for 2019, assuming machine usage was 1,300 hours. (3 marks)
 - (iii) Declining balance using double the straight-line rate for 2019 and 2020. (4.5 marks)
- (c) Prepare the journal entry to record depreciation for (b)(i). (1.5 marks)

Part B

On 1 January 2015, Era Pasca purchased an equipment at an acquisition cost of RM60,000. The equipment has been depreciated by the straight-line method using a 5-year life and a RM2,000 residual value. The company's fiscal year ends on 31 December.

Required

Prepare the journal entries to record the disposal of the equipment under the following independent assumptions:

- (a) Retired and scrapped on 1 January 2020. (2 marks)
- (b) Sold for RM15,000 on 1 July 2019. (3 marks)

(Total: 20 marks)

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QUESTION 5

The comparative Statements of Financial Position for IQue Bhd. as of 31 December are presented as follows:

IQue Bhd. Comparative Statements of Financial Position as at 31 December		
	2019 RM	2018 RM
Assets		
Property, Plant and Equipment		
Land	188,750	262,500
Buildings	468,500	468,500
Less: Accumulated depreciation - Buildings	(131,250)	(93,750)
Machinery	403,000	328,000
Less: Accumulated depreciation - Machinery	(100,250)	(78,750)
Current Assets		
Prepaid expense	22,600	25,000
Inventory	271,800	228,700
Accounts receivable	112,500	91,800
Cash	85,600	69,300
Total assets	RM1,321,250	RM1,301,300
Equity and Liabilities		
Equity		
Share capital - Ordinary, RM1 par value	493,000	423,000
Retained earnings	421,500	380,800
Non-current Liabilities		
Bonds payable	350,000	400,000
Current Liabilities		
Accounts payable	56,750	97,500
Total equity and liabilities	RM1,321,250	RM1,301,300

Additional information:

1. Depreciation expense was RM72,200.
2. Land was sold for cash at cost.
3. Cash dividends of RM30,000 were paid.
4. Net profit for 2019 was RM70,700.
5. New machinery was purchased for RM150,000 cash. In addition, machinery costing RM75,000 with a book value of RM61,800 was sold for RM69,300 cash.
6. Bonds were converted at face value by issuing 50,000 ordinary shares.

Required

Prepare a Statement of Cash Flows using the indirect method. (20 marks)

(Total: 20 marks)

End of Paper